

## Message Text

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22

ACTION SS-25

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R 131022Z APR 76  
FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 1948  
INFO AMEMBASSY JIDDA  
AMEMBASSY TEHRAN

S E C R E T CAIRO 4908

EXDIS

EO 11652: GDS  
TAGS: PFOR MASS SA EG US IR  
SUBJECT: SALE OF C-130'S TO EGYPT

REF: (A) STATE 083920, (B) CAIRO 4872 (NOTAL),  
(C) STATE 87787 (NOTAL)

1. I MET ASHRAF MARWAN LAST NIGHT AT A SAUDI DINNER.  
IT WAS THE FIRST TIME I HAD SEEN HIM SINCE HIS  
DEPARTURE FROM THE PRESIDENCY. HE SEEMED IN GOOD  
SPIRITS AND PROFESSED TO BE VERY BUSY IN HIS NEW  
AOI POSITION. HE IS ON HIS WAY TO SAUDI ARABIA TODAY.

2. MARWAN SAID HE HAD SEEN VP MUBARAK EARLIER IN THE  
DAY. MUBARAK HAD TOLD HIM OF OUR EARLIER EXCHANGES  
ON EGYPTIAN PILOT TRAINING IN SAUDI ARABIA AND IRAN  
AND ON PRELIMINARY PLANNING FOR THE SALE OF C-130'S.  
ACCORDING TO MARWAN, THE EGYPTIANS HAVE RECENTLY ONLY ASKED  
IRAN TO TRAIN C-130 PILOTS, NOTHING ELSE. IN  
THIS CONNECTION, HE STATED EGYPTIAN AIR FORCE  
ALREADY HAS TWO FULLY TRAINED C-130 CREWS. THESE HAD  
BEEN TRAINED IN IRAN SOME MONTHS AGO. LIKE MUBARAK,  
MARWAN COMMENTED IT WOULD BE MORE AFVANTAGEOUS  
FOR GOE TO HAVE C-130 PILOTS TRAINED FREE OF CHARGE,  
EITHER IN IRAN OR SAUDI ARABIA, UNLESS USG WOULD BE  
ABLE TO PROVIDE GRATIS TRAINING. HE WAS DOUBTFUL OF

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LATTER POSSIBILITY.

3. INTERESTINGLY ENOUGH, MARWAN THEN ASKED IF ANYTHING HAD BEEN SAID ABOUT WHO PAYS FOR THE C-130'S? I TOLD HIM I HAD NOT SPECIFICALLY DISCUSSED THIS ASPECT WITH MUBARAK, BUT RECALLED THE PRESIDENT, HE AND OTHER SENIOR EGYPTIANS HAVE REPEATEDLY TOLD US THAT THE SAUDIS ARE PREPARED TO PAY FOR THEM. PAYMENT WILL OF COURSE HAVE TO BE WORKED OUT BY GOE, BUT WE HAVE BEEN OPERATING ON THIS ASSUMPTION. MARWAN SEEMED A TRIFLE SKEPTICAL. WITHOUT GIVING ANY FIGURE, HE CLAIMED THAT ALL FUNDS ALOCATED BY SAG FOR EGYPTIAN MILITARY PURCHASES ARE ALREADY COMMITTED ELSEWHERE. HE SUGGESTED THAT, WHEN I NEXT DISCUSS THE SUBJECT WITH MUBARAK, I ASK THE VP HOW GOE EXPECTS TO FUND COSTS. I EXPRESSED PERSONAL VIEW THAT, EVEN IF WHAT MARWAN SAID IS SO, IT WOULD SEEM TO BE AS MUCH IN SAG'S AS IN GOE'S INTEREST TO MAKE FUNDS AVAILABLE IN SUPPORT OF THIS PRINCIPLE-SETTING SALE. MARWAN DID NOT DISPUTE THE POINT. (COMMENT: AS PREVIOUSLY REPORTED, SAUDIS HAVE BEEN SLOW THIS YEAR IN COMING UP WITH MONIES FOR EGYPTIAN MILITARY PURCHASES IN UK AND FRANCE. I SUSPECT MARWAN ALREADY HAS "PROMISED" \$750 MILLION SAUDI ALLOCATION FULLY EARMARKED FOR HIS AOI DEALS. HE IS DOUBTLESS CONCERNED THAT COSTS OF C-130'S WILL BE TAKEN FROM THIS SUM, LEAVING HIM SHORT OF CASH FOR FRENCH AND BRITISH ARMS SALE COMMITMENTS, WHICH HE HAS ALREADY TENTATIVELY CONTRACTED. I ASSUME THAT FUNDING ASPECTS IS ONE OF THE SUBJECTS THAT WILL BE ADDRESSED IN PROMISED INSTRUCTIONS MENTIONED REFTEL C. IN MY JUDGMENT, IT IS BETTER NOT TO RAISE THIS SUBJECT WITH MUBARAK UNTIL WE HAVE THE SPECIFIC COST FIGURES, ALTHOUGH I MAY TRY TO SOUND HIM OUT ON SOURCE OF FUNDING IF AN OPPORTUNITY ARISES.)

4. MARWAN ALSO INDICATED AOI'S CONTINUING INTEREST IN CONTRACTING WITH AMERICAN COMPANIES FOR MILITARY EQUIPMENT PURCHASES AND CO-PRODUCTION ARRANGEMENTS. LIKE GAMASY, HE WAS PESSIMISTIC ABOUT PROSPECTS, BUT REITERATED EGYPTIAN AND GENERAL ARAB CONVICTION

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THAT US TECHNOLOGY IS SUPERIOR TO THAT OF EUROPEANS OR OTHERS. HE HOPED THAT NEXT YEAR, "AFTER THE ELECTION", SOME OF CURRENT RESTRICTIONS MIGHT BE LIFTED.  
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